UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

IN RE MEADOWBROOK INSURANCE GROUP, INC. SHAREHOLDER LITIGATION	Lead Case No. 5:15-cv-10057-JCO-MJH (Consolidated with No. 5:15-cv-10497-JCO-RSW)
This Document Relates To: ALL ACTIONS.	CLASS ACTION

AMENDED CONSOLIDATED CLASS ACTION COMPLAINT

Plaintiffs Chaile Steinberg, Gabby Klein, and David Raul ("Plaintiffs") individually and on behalf of all others similarly situated, by and through their attorneys, allege the following upon information and belief, except as to the allegations which pertain to Plaintiffs, which are based upon personal knowledge, as follows:

SUMMARY OF THE ACTION

1. This is a stockholder class action brought by Plaintiffs on behalf of the holders of Meadowbrook Insurance Group, Inc. ("Meadowbrook" or the "Company") common stock against Meadowbrook, certain of the Company's officers and/or directors ("Individual Defendants" or the "Board"),[1] Fosun

[1] "Individual Defendants" include Douglas A. Gaudet ("Gaudet"), Jeffrey A. Maffett ("Maffett"), Robert W. Sturgis ("Sturgis"), Florine Mark ("Mark"), Bruce

International Limited ("Fosun International"), Miracle Nova II (US), LLC ("Merger Parent"), and Miracle Nova III (US), Inc. ("Merger Sub" and along with Fosun International and Merger Parent, "Fosun") (collectively, "Defendants"). The action arises out of Defendants' announced agreement to sell Meadowbrook to Fosun for $8.65 per share, for a total price of $433 million, (the "Proposed Consideration") on December 30, 2014 (the "Proposed Acquisition").

2. The Individual Defendants agreed to the Proposed Acquisition after a flawed sales process and despite having received higher proposals, including indications of interest of $8.75 per share in all cash and $9 per share in cash and stock from other interested parties. Indeed, the Individual Defendants were not nearly as concerned with ensuring the fairness of the sales process as they were with securing personal financial benefits for themselves in connection with the closing of the Proposed Acquisition.

3. These benefits, none of which were shared with the members of the Class (as defined herein), include the immediate and accelerating vesting and cashing out of their outstanding Company options and restricted stock awards as well as significant cash payments pursuant to various change-in-control benefit agreements and golden parachute compensation payments. All said, defendant

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E. Thal ("Thal"), Herbert Tyner ("Tyner"), Robert F. Fix ("Fix"), Robert H. Naftaly ("Naftaly"), and Robert S. Cubbin ("Cubbin")

Cubbin, alone, is eligible to take home more than $6.08 million in the event the Proposed Acquisition is consummated.[2]

4. In order to lock up the Proposed Acquisition and guarantee themselves the aforementioned personal benefits, the Individual Defendants agreed to include numerous preclusive and onerous deal protection devices in the December 30, 2014 Agreement and Plan of Merger ("Merger Agreement"). These provisions, which collectively preclude any competing offers for the Company, include: (i) a no-solicitation provision prohibiting the Company from properly shopping itself; (ii) a termination fee payable by the Company to Fosun for $15,165,000 if Meadowbrook is to accept a competing bid; and (iii) a five business-day matching rights period during which Fosun can match any superior proposal received by the Company. These provisions reflect an attempt by the Board to lock up the Proposed Acquisition and further their own interests at the expense of Meadowbrook shareholders they are duty-bound to serve.

5. As a result of the aforementioned, Plaintiffs and the other members of the Class are being deprived of their right to receive maximum value for their

[2] Fosun's status as a foreign investor just breaking into the U.S. insurance market provided the Individual Defendants with added incentive to push for the Proposed Acquisition. Indeed, Fosun has agreed to keep Meadowbrook at its current headquarters, operating under its current name, and plans for it to be run by its current leadership team – including certain of the current officers and directors named as defendants in the current action.

Company shares. Indeed, the Proposed Consideration drastically undervalues Meadowbrook, which operates as a commercial insurance underwriter and insurance administration services company. The most important metric for investors of insurance companies is the subject company's "book value." Book value is simply a proxy for a firm's value should it cease to exist and be completely liquidated. Most companies operate at a premium to book value, since, presumably, a company is worth more continuing its operations than it is liquidating. The average multiple to book value for companies in the property and casualty insurance industry is 1.3x. In other words, property and casualty insurance companies' stock trades, on average, for 1.3 times their stated book value.

6. Defendants are well aware of the importance of book value, as the Company consistently highlights this number in its press release and financial filings. As of September 30, 2014, the Company's most recently reported financial results, Meadowbrook had a book value of $8.94 per common share – a full $0.30 per share more than the Proposed Consideration offered by Fosun in the Proposed Acquisition. Shareholders are, therefore, not even getting the average price for a property and casualty insurance company on a trading multiples basis, but according to the Company itself, ***stockholders would do better if Meadowbrook liquidated*** than they would if they agreed to (and waited for) the consummation of

the Proposed Acquisition. Nevertheless, the Individual Defendants still have recommended the Proposed Acquisition and encouraged shareholders to approve it.

7. The Individual Defendants' decision to further their own interests by failing to run a thorough sales process designed to secure maximum value for Plaintiffs and the other members of the Class is a direct violation of the Individual Defendants' state law fiduciary duties. To make matters worse, however, on March 25, 2015, Defendants filed with the U.S. Securities and Exchange Commission ("SEC") and disseminated to Meadowbrook shareholders a false and materially misleading Definitive Proxy Statement ("Proxy") in direct violation of their fiduciary duty of candor and full disclosure owed to Company shareholders. The Proxy also set April 27, 2015, as the date of the annual meeting of shareholders to vote on the Proposed Acquisition – just over a month away.

8. Specifically, the Proxy, which seeks to solicit shareholder approval of the Proposed Acquisition, omits and/or misrepresents material information concerning: (i) the process leading up to the execution of the Merger Agreement and announcement of the Proposed Acquisition, including the inherent conflicts of interest of the negotiating parties; (ii) the material assumptions and inputs underlying the valuation analyses performed by the Company's financial advisor, Willis Securities, Inc. ("Willis"), in connection with the preparation of its

December 30, 2014 fairness opinion; and (iii) the estimated financial projections/forecasts prepared by Company management and provided to and/or relied upon by Willis in preparation of its financial analyses.

9. To remedy Defendants' misconduct as summarized above (and reiterated in more detail below), Plaintiffs seek to enjoin the consummation of the Proposed Acquisition unless and until the Company adopts and implements a procedure or process intended to obtain a deal that provides the best possible terms for Meadowbrook shareholders, and provides them with all material information relevant to their decision whether to approve the Proposed Acquisition or exercise their dissenters' rights. In the alternative, should the Proposed Acquisition be consummated prior to an injunction being issued, Plaintiffs seek to recover appropriate damages.

JURISDICTION AND VENUE

10. This Court has jurisdiction over all causes of action asserted herein pursuant to 28 U.S.C. §1332. Complete diversity among the parties exists and the amount in controversy exceeds $75,000, exclusive of interest and costs.

11. This Court has jurisdiction over each Defendant named herein because each Defendant is either a corporation that conducts business in and maintains operations in this District, or is an individual who has sufficient minimum contacts with this District to render the exercise of jurisdiction by the

District courts permissible under traditional notions of fair play and substantial justice.

12. Venue is proper in this Court pursuant to 28 U.S.C. §1391(a) because (i) the Company's principal executive offices are located in this District; (ii) one or more of the Defendants either resides in or maintains executive offices in this District; (iii) a substantial portion of the transactions and wrongs complained of herein, including the Defendants' primary participation in the wrongful acts detailed herein, and aiding and abetting thereof, occurred in this District; and/or (iv) Defendants have received substantial compensation in this District by doing business here and engaging in numerous activities that had an effect in this District.

13. This action is properly assigned to the Southern Division of this Court.

PARTIES

14. Plaintiff Chaile Steinberg is, and at all relevant times has been, a shareholder of Meadowbrook. Plaintiff Steinberg is a citizen of Pennsylvania.

15. Plaintiff Gabby Klein is, and at all relevant times has been, a shareholder of Meadowbrook. Plaintiff Klein is a citizen of New York.

16. Plaintiff David Raul is, and at all relevant times has been, a shareholder of Meadowbrook. Plaintiff Raul is a citizen of New York.

17. Defendant Meadowbrook is a Michigan corporation with principal executive offices located at 26255 American Drive, Southfield, Michigan. Accordingly, defendant Meadowbrook is a citizen of Michigan. Defendant Meadowbrook is a specialty niche focused, commercial insurance underwriter and insurance administration services company that markets and underwrites specialty property and casualty insurance programs and products on both an admitted and non-admitted basis through a broad and diverse network of independent retail agents, wholesalers, program administrators, and general agents. The Company's agencies, located in Michigan, California, Massachusetts, and Florida, produce commercial, personal lines, life, and accident, and health insurance that is placed primarily with unaffiliated insurance carriers. Defendant Meadowbrook recognizes revenue related to the services and coverages within the following categories: net earned premiums, management administrative fees, claims fees, commission revenue, net investment income, and net realized gains. Upon completion of the Proposed Acquisition, defendant Meadowbrook will become an indirect wholly-owned subsidiary of defendant Fosun International.

18. Defendant Cubbin is Meadowbrook's President and has been since April 1997; Chief Executive Officer ("CEO") and has been since May 2002; and a director and has been since 1995. Defendant Cubbin was also Meadowbrook's Chief Operating Officer from 1999 to May 2002; Executive Vice President from

1996 to 1999; and held various other positions with the Company beginning in 1987. Defendant Cubbin is a citizen of Michigan.

19. Defendant Naftaly is Meadowbrook's Chairman of the Board and has been since July 2014 and a director and has been since February 2002. Defendant Naftaly is a citizen of Michigan.

20. Defendant Fix is Meadowbrook's Vice Chairman of the Board and has been since July 2014 and a director and has been since October 2008. Defendant Fix is a citizen of South Carolina.

21. Defendant Tyner is a Meadowbrook director and has been since 1985. Defendant Tyner retired from the Board on December 31, 2014. Defendant Tyner is a citizen of Florida.

22. Defendant Thal is a Meadowbrook director and has been since 1995. Defendant Thal is a citizen of Michigan.

23. Defendant Mark is a Meadowbrook director and has been since 1996. Defendant Mark is a citizen of Michigan.

24. Defendant Sturgis is a Meadowbrook director and has been since August 2000. Defendant Sturgis is a citizen of Connecticut.

25. Defendant Maffett is a Meadowbrook director and has been since October 2008. Defendant Maffett is a citizen of Florida.

26. Defendant Gaudet is a Meadowbrook director and has been since July 2014. Defendant Gaudet is a citizen of Florida.

27. Defendant Fosun International is a Hong Kong limited liability company with principal executive offices located at No. 2 East Fuxing Road, Shanghai, China. Accordingly, defendant Fosun International is a citizen of China. Defendant Fosun International is an insurance-oriented investment group with over $50 billion in total assets.

28. Defendant Merger Parent is a Delaware limited liability company and an indirect wholly-owned subsidiary of defendant Fosun. Accordingly, defendant Merger Parent is a citizen of Delaware and China.

29. Defendant Merger Sub is a Delaware corporation and a wholly-owned subsidiary of defendant Merger Parent. Accordingly, defendant Merger Sub is a citizen of Delaware and China. Upon completion of the Proposed Acquisition defendant Merger Sub will merge with and into defendant Meadowbrook and cease its separate corporate existence.

CLASS ACTION ALLEGATIONS

30. Plaintiffs bring this action individually and as a class action on behalf of all holders of Meadowbrook stock who have been or will be harmed by Defendants' actions described herein (the "Class"). Excluded from the Class are Defendants and any individual or entity affiliated with any of the Defendants.

31. This action is properly maintainable as a class action.

32. The Class is so numerous that joinder of all members is impracticable. According to the Proxy, there were more than 50.3 million shares of Meadowbrook common stock outstanding as of March 12, 2015 – the record date for the annual shareholder meeting.

33. There are multiple questions of law and fact which are common to the Class and which predominate over questions affecting any individual Class member, including:

(a) whether the Individual Defendants, aided and abetted by Meadowbrook and Fosun, have breached their fiduciary duties of undivided loyalty, independence, due care, candor, and/or full disclosure with respect to Plaintiffs and the other members of the Class in connection with the Proposed Acquisition by: (i) failing to take steps to maximize the value of Meadowbrook to its public shareholders; (ii) failing to properly value the Company and its various operations; (iii) ignoring and not protecting Meadowbrook shareholders against potential conflicts of interest; and/or (iv) failing to disclose all material information to Meadowbrook shareholders in connection with seeking their approval of the Proposed Acquisition;

(b) whether the Individual Defendants are conflicted, engaged in self-dealing, or have otherwise unjustly enriched themselves or the other insiders/affiliates of Meadowbrook in connection with the Proposed Acquisition;

(c) whether the Individual Defendants, in bad faith and for improper motives, have impeded or erected barriers to discourage other offers for the Company or its assets; and

(d) whether Plaintiffs and the other members of the Class would be irreparably harmed were the Proposed Acquisition consummated without the wrongdoing complained of herein being remedied.

34. Plaintiffs' claims are typical of the claims of the other members of the Class and Plaintiffs do not have any interests adverse to the Class.

35. Plaintiffs are adequate representatives of the Class, have retained competent counsel experienced in litigation of this nature, and, will fairly and adequately protect the interests of the Class.

36. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class which would establish incompatible standards of conduct for the party opposing the Class.

37. Plaintiffs anticipate that there will be no difficulty in the management of this litigation. Indeed, a class action is superior to other available methods for the fair and efficient adjudication of this controversy.

38. Defendants have acted on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

THE FLAWED AND SELF SERVING SALES PROCESS

39. Beginning in August 2013, the Company announced publicly that it was conducting a review of its strategic alternatives and had engaged Willis to assist in the process. The Board also established a Strategic Alternatives Committee to assess various alternative strategic transactions available to the Company.

40. This review of strategic alternatives included an outreach by Willis to sixty-seven strategic and financial parties. By the end of 2013, however, no strategic transaction had been negotiated.

41. In November 2014, Fosun, which was one of the parties contacted in August 2013, and Meadowbrook executed a confidentiality and standstill agreement. Fosun and three other parties submitted indications of interest to acquire Meadowbrook. Fosun submitted a proposal to acquire Meadowbrook for $8.55 to $9.45 in cash. An entity identified in the Proxy as "Party 1" submitted a

proposal to acquire Meadowbrook for $8.55 per share in cash. An entity identified in the Proxy as "Party 2" proposed a merger with Meadowbrook at Meadowbrook's tangible book value, equal to a nominal value of $8.35 per share, consisting of 50% cash and 50% stock. Finally, an entity identified in the Proxy as "Party 3" orally communicated a proposal to acquire Meadowbrook at $7.50 per share.

42. Over the course of December 2014, the four potential bidders engaged in due diligence review of various materials provided and Meadowbrook responded to due diligence questions from the various bidders. In addition, several of the parties submitted revised proposals.

43. Ultimately, Defendants agreed to the Proposed Acquisition with Fosun for $8.65 per share even though Party 1 had indicated a continued willingness to pay as much as $9 per share and Party 2 had previously offered $8.75 per share. On December 30, 2014, the Board approved the Merger Agreement which Meadowbrook and Fosun executed.

THE OVERLY PRECLUSIVE MERGER AGREEMENT

44. Later on December 30, 2014, Fosun and Meadowbrook issued a joint press release officially announcing the Proposed Acquisition which stated, in relevant part, as follows:

> Fosun International Limited … and Meadowbrook Insurance Group, Inc., … today announced that they have entered into a definitive agreement under which Fosun will acquire Meadowbrook for

US$8.65 per share in cash, representing an aggregate transaction value of approximately US$433 million.

The transaction follows a thorough review of strategic alternatives by the Meadowbrook board of directors and represents a 24% premium over Meadowbrook's closing price on December 29, 2014 and a premium of 39% to Meadowbrook's three-month average closing price for the period ending December 29, 2014. The transaction also represents a multiple of approximately 1.04x Meadowbrook's tangible book value per share as of September 30, 2014.

Fosun is a leading investment group headquartered in Shanghai, China with over $50 billion in total assets and operations around the world. The acquisition of Meadowbrook will enable Fosun to establish a significant presence in the U.S. P&C market. Currently, Fosun has more than one third of its total assets invested in insurance businesses around the world, including investments in Yong'an P&C Insurance, Pramerica Fosun Life Insurance and Peak Reinsurance, as well as Fidelidade Group, Portugal's largest insurance company. Fosun's most recent investment in the insurance sector was an acquisition of a 20% equity interest in Ironshore Inc. in August 2014.

Guo Guangchang, Chairman of Fosun, said, "This transaction allows Fosun to establish a presence in the important U.S. P&C market, consistent with our strategy of expanding our core insurance business. Meadowbrook has a talented employee base, comprehensive offering of high-quality specialty insurance products, robust distribution network and a strong commitment to meeting the evolving needs of its policyholders. The transaction represents another milestone for Fosun and will enable Fosun to further strengthen its insurance-oriented comprehensive financial capabilities."

Robert S. Cubbin, President and Chief Executive Officer of Meadowbrook, said, "Combining with Fosun further strengthens our capital base as we continue to focus on supporting the needs of our customers, partners and policyholders, improving our underwriting performance and driving profitability."

Mr. Cubbin continued, "This transaction is the culmination of a thorough strategic review process to maximize shareholder value. We believe this is a positive outcome for our shareholders, who will

> receive significant value; our employees, who will benefit from enhanced opportunities as part of a larger, global organization; and our customers, partners and policyholders, who will benefit from an even stronger specialty risk, insurance and service provider."
>
> The transaction has been unanimously approved by all of the directors of the Meadowbrook board of directors present at the meeting and has been unanimously approved by the Fosun board of directors. Following the closing of the transaction, which is expected in the second half of 2015, Meadowbrook will continue to maintain its headquarters in Southfield, Michigan and will operate under the Meadowbrook brand name. The transaction is subject to the approval of Meadowbrook's shareholders as well as regulatory approvals and the satisfaction of other specified closing conditions.
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> KPMG, Towers Watson Delaware and PricewaterhouseCoopers are acting as advisors of finance, actuary and tax, respectively, to Fosun. DLA Piper LLP is acting as legal advisor to Fosun. Willis Markets & Advisory is acting as exclusive financial advisor and Sidley Austin LLP is acting as legal counsel to Meadowbrook in connection with the transaction.

45. The following day, on December 31, 2014, Meadowbrook filed a Current Report on Form 8-K with the SEC wherein it disclosed the Merger Agreement. In addition to revealing that the Proposed Acquisition is the product of a flawed sales process and, unless the offer price is increased, would be consummated at an unfair price, the Merger Agreement contains numerous overly preclusive deal protection devices designed to preclude any competing bids for Meadowbrook from emerging and ensuring that the Individual Defendants secure the personal benefits that they negotiated for in connection with the close of the Proposed Acquisition.

46. For example, under section 5.03 of the Merger Agreement, Meadowbrook is subject to a strict no-solicitation clause that prohibits the Company from seeking a superior offer for its stockholders. In particular, section 5.03(a) states:

> From and after the date hereof, until the earlier of the Effective Time and the termination of this Agreement, subject to Section 5.03(b), neither the Company nor any of the Company Subsidiaries shall (nor shall they authorize or knowingly permit any Company Representative on their behalf to), and the Company shall direct the Company's Representatives not to (i) directly or indirectly, solicit, initiate or knowingly take any action to facilitate or encourage the submission of any Competing Proposal or the making of any inquiry, offer or proposal that would reasonably be expected to lead to any Competing Proposal, or (ii) (A) conduct or engage or participate in any discussions or negotiations with, disclose any non-public information relating to the Company or any of the Company Subsidiaries to, afford access to the business, properties, assets, books or records of the Company or any of the Company Subsidiaries to or otherwise knowingly cooperate in any way, or knowingly assist, participate in, facilitate or encourage any effort by, any third party that is seeking to make, or has made, any Competing Proposal or (B) (1) amend or grant any waiver or release under any standstill or similar agreement with respect to any class of equity securities of the Company or any of the Company Subsidiaries or (2) approve any transaction under, or any third party becoming an "interested shareholder" under, the MBCA, (3) enter into any agreement in principle, letter of intent, term sheet, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other Contract relating to any Competing Proposal or enter into any agreement or agreement in principle requiring the Company to abandon, terminate or fail to consummate the transactions contemplated hereby or breach its obligations hereunder, or (4) resolve, propose or agree to do any of the foregoing. The Company shall, and shall cause the Company Subsidiaries and direct the Company Representatives to, cease immediately and terminate, and shall not authorize or knowingly permit any of the Company

Representatives to continue, any and all existing activities, discussions or negotiations, if any, with any third party.

47. Though the Merger Agreement ostensibly has a "fiduciary out" provision that allows the Company to negotiate with other bidders, it may only do so in the rare event that the potential acquirer first makes an unsolicited, bona fide acquisition proposal which the Board determines, in good faith and after consultation with its financial and legal advisors, is superior to the Proposed Acquisition and that it would be a breach of the Board members' fiduciary duties to the stockholders of the Company not to pursue it. The inability of the Company to provide any non-public information to, much less communicate with, any third-party regarding a potential transaction – as well as the fact that section 5.03(c) of the Merger Agreement requires Meadowbrook to notify Fosun of any potentially "superior" offer it receives – renders the purported "fiduciary out" provision illusory and the likelihood of any rival bidder emerging, at best, miniscule.

48. The likelihood of another offer emerging is even further reduced by the "matching rights" provision contained in section 5.03(d) of the Merger Agreement. This provision affords Fosun a five business-day window within which to consider and match the terms of any superior proposal received by the Company, thereby further dissuading any competing bidders from emerging.

49. Finally, section 7.02 of the Merger Agreement subjects Meadowbrook to another preclusive deal-protection provision in the form of a $15,165,000

termination fee. This additional consideration would be paid directly to Fosun rather than Meadowbrook stockholders, thereby making it even more difficult for any competing bidder to acquire the Company.

50. Collectively, these onerous and preclusive provisions and agreements, which will serve to unreasonably deter and discourage superior offers from other interested parties and ensure the acquisition of the Company by Fosun, were agreed to by the Individual Defendants to help secure the personal benefits and unfair profits afforded to them through the Proposed Acquisition and all but ensure that no other bidder steps forward to submit a superior proposal.

51. By negotiating for such preclusive deal protection devices, the Individual Defendants placed their own personal interests before those of the Company's stockholders, resulting in the Proposed Acquisition being presented to Meadowbrook stockholders at an untenable and inadequate offer price which, arguably, cannot be topped by a competing bidder. As the Individual Defendants were duty bound to maximize stockholder value in connection with the Proposed Acquisition, the inclusion of these provisions constitutes a further breach of their fiduciary duties for which Plaintiffs and the Class have no adequate remedy at law.

THE INADEQUACY OF THE PROPOSED CONSIDERATION

52. Rather than ensure that stockholders receive a fair amount in exchange for their ownership interest in the Company, the Individual Defendants

are allowing Fosun to capitalize on the fact that Meadowbrook shares are currently trading at a significant discount. Indeed, the Company's trading price dropped dramatically in the summer of 2013 due to a decrease in its goodwill resulting from a change in rating by A.M. Best Company, Inc. ("A.M. Best").

53. A.M. Best is a worldwide credit rating organization for the insurance industry. A.M. Best's ratings are considered the standard in assessing the financial strength and creditworthiness of risk-bearing entities and investment vehicles such as Meadowbrook. As is the case with all insurance companies, financial ratings are an extremely important indicator of Meadowbrook's financial stability and ability to pay claims. Financial ratings also strongly influence the Company's competitive position.

54. On July 31, 2013, Meadowbrook announced that it needed to increase its loan reserves by $26.5 million. As a result, on or about August 2, 2013, as A.M. Best downgraded Meadowbrook's subsidiaries' FSR from "A-" to "B++" and ICR from an "a-" to "bbb+." This, in turn, caused the Company to be unable to timely file its financial statements. Prior to this, the Company's stock was trading at $8.90 per share.

55. On August 9, 2013, the Company filed a Notification of Late Filing on Form NT10-Q with SEC stating that Meadowbrook was unable to timely file its Form 10-Q for the second quarter of 2013 because of the downgrade. The Form

NT10-Q further stated that the ratings change prompted the Company to undertake an analysis to quantify asset impairment charges arising from the downgrade. Finally, the Form NT10-Q revealed that the Company's goodwill, which had a carrying value of $121 million as of June 30, 2013, was impaired as of the same date.

56. On August 14, 2013, Meadowbrook filed with the SEC its delayed second quarter 2013 Form 10-Q. The Form 10-Q disclosed that the Company would take a non-cash impairment of goodwill of $115.4 million in the three months ended June 30, 2013, eliminating nearly all of the Company's goodwill on its balance sheet. The Form 10-Q further disclosed that the impairment charge caused the Company to violate financial covenants applicable to certain credit facilities.

57. As could be expected, the Company's stock price fell drastically on this news. By the following day, August 15, 2013, Meadowbrook's shares had plummeted to $6.36 per share. Not long thereafter, on February 21, 2014, A.M. Best again downgraded the Company and its subsidiaries' issuer credit ratings from bbb+ to bbb and from bb+ to bb, respectively – further driving down the Company's stock price to a same day close of $5.57 per share. All this despite the Company's business being incredibly sound. Indeed, the impairment to goodwill is

a non-cash charge and the loan loss increase was in a segment of the business in which Meadowbrook was not participating in going forward.

58. Meadowbrook's third quarter financial results, released November 5, 2014, support the strength of the Company. The Company reported net income of $21.1 million, or $0.42 per diluted share, for the nine months ended September 30, 2014, compared to a net loss of $100.5 million, or $2.01 per diluted share, for the same period in 2013. In addition, Meadowbrook reported net operating income of $15.1 million, or $0.30 per diluted share, for the nine months ended September 30, 2014, compared to net operating loss of $103.1 million, or $2.07 per diluted share, for the nine months ended September 30, 2013. Commenting on these results, defendant Cubbin stated:

> We are pleased with our progress and continued stabilization in our overall loss reserves. We have continued to exercise discipline in writing only business that we believe meets our profitability targets…. Our results reflect the positive impact of our actions to improve our underwriting performance and drive overall profitability as reflected by the improvement in our loss ratio. We remain focused on improving our risk profile, stabilizing our loss reserves and strengthening our capital position, while at the same time identifying opportunities to reduce our expense ratio going forward.

59. Irrespective of the above, Meadowbrook's stock unjustifiably remained depressed while the Company continued to build back the public's trust. As a result, Meadowbrook's stock price did not reflect the true intrinsic value of the Company when discussions with Fosun took place. And the Proposed Acquisition

was announced before the trading price of the Company's stock ever fully rebounded.

60. The most prominent evidence that the Proposed Consideration is unfair is that it is less than Meadowbrook's book value. Book value is a key metric that investors in insurance companies watch. The Individual Defendants are well aware of this fact. The Company not only discloses its book value to stockholders in its quarterly filings, but also highlights whether the value has grown compared to previous quarters. Indeed, Meadowbrook stated in its most recent quarter, that as of "September 30, 2014, stockholders' equity was $448.1 million, or a book value of $8.94 per common share, compared to $413.4 million, or a book value of $8.29 per common share, at December 31, 2013."

61. The average multiple to book value for property and casualty insurance companies is 1.3x. Therefore, at just the average price, without factoring in the premium that the Individual Defendants were required to negotiate, Meadowbrook is presently worth nearly $11 per share – over $2.30 more than the consideration Fosun is offering to Company shareholders in the Proposed Acquisition. The Proposed Consideration is also inadequate compared to other similarly sized companies in the industry based on metrics besides book value.

62. Indeed, another common way to value a public insurance company is to look at its competitors' market capitalization as a multiple to their forward

revenues. The market capitalization to forward revenue multiple is derived by dividing the subject company's market capitalization[3] by its forward revenues for the fiscal year 2014. The Company's peers have a trading range of between .97x and 1.14x fiscal year 2014 forward revenues. Using these multiples, the Company has a market capitalization range of $710 million to $835 million. These market capitalizations correlate to a per share value range of $9.50 to $12, significantly more than the amount for which the Individual Defendants are trying to sell the Company to Fosun in the Proposed Acquisition.

63. The Individual Defendants were not nearly as concerned with ensuring the fairness of the sales process as they were with securing personal financial benefits for themselves in connection with the closing of the Proposed Acquisition. These benefits, none of which were shared with the members of the Class, include the immediate and accelerating vesting and cashing out of their outstanding Company options and restricted stock awards as well as significant cash payments pursuant to various change-in-control benefit agreements and golden parachute compensation payments. When it is all said and done, in fact, defendant Cubbin is himself eligible to take home more than $6.08 million in the event the Proposed Acquisition is consummated.

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[3] Market capitalization is calculated as a company's share price multiplied by the number of outstanding shares.

64. Fosun is a large investment group that is headquartered in Shanghai, China that has over $50 billion in total assets and operations around the world. Fosun's status as a foreign investor just breaking into the U.S. insurance market provided the Individual Defendants with added incentive to push for the Proposed Acquisition. Indeed, in connection with the Proposed Acquisition, Fosun has agreed to keep Meadowbrook at its current headquarters, operating under its current name, and has expressed its intention for the combined entity to be run by the Company's present management team – including certain of the officers and directors named as defendants here.

65. Management's favoritism and preference to sell to Fosun, compared to a strategic buyer that would combine operations and potentially terminate executives, is obvious and warrants the equitable relief sought by Plaintiffs.

THE FALSE AND MATERIALLY MISLEADING PROXY

66. In order to convince shareholders to vote their shares in favor of the wholly inadequate Proposed Acquisition, Defendants filed the false and materially misleading Proxy with the SEC and disseminated it to Meadowbrook shareholders on March 25, 2015. As detailed herein, the Proxy, which sets the shareholder vote on the Proposed Acquisition for April 27, 2015, misrepresents and/or omits material information necessary for Company shareholders to make an informed

decision regarding whether to vote in favor of the Proposed Acquisition or seek appraisal of their shares.

67. Specifically, the Proxy fails to provide Company shareholders with material information and/or provides them with materially misleading information concerning: (i) the process leading to the Proposed Acquisition, including the inherent conflicts of interest of the negotiating parties; (ii) the material assumptions and inputs underlying the valuation analyses performed by Willis in connection with the preparation of its December 30, 2014 fairness opinion; and (iii) the estimated financial projections/forecasts prepared by Company management and provided to and/or relied upon by Willis in preparation of its financial analyses.

Disclosure Deficiencies Concerning the Conflicted Sales Process

68. With respect to the sales process that led to the Proposed Acquisition, the Background of the Merger section contained on pages 23-34 of the Proxy is materially deficient in that it fails to disclose:

(a) the individual first round offers Meadowbrook received from each of the six potential acquirers in or around October 2013 (Proxy at 23);

(b) the individual E&S Business (as defined in the Proxy) first round offers Meadowbrook received from each of the four potential buyers in or around December 2013 (Proxy at 24);

(c) the value of the offer received by Meadowbrook for the renewal rights associated with the E&S Business in or around December 2013 (Proxy at 24);

(d) the value of the offer for the acquisition of the majority of the stock of Meadowbrook's subsidiary that holds the majority of the E&S Business assets as received in or around December 2013 (Proxy as 24); and

(e) the basis for the Board's statement to Party 1 (as defined in the Proxy) on or around December 23, 2014, that the Company strongly preferred an all cash offer (Proxy at 31).

69. The Proxy is false and/or misleading due to these omissions because it gives shareholders a materially incomplete and distorted picture of the sales process underlying the Proposed Acquisition, the various alternatives available to (and considered by) Defendants other than the Proposed Acquisition, and the efforts taken (or not taken) to ensure that no conflicts of interest tainted the negotiation process, thus rendering it unfair to Plaintiffs and the other members of the Class. Without this omitted information, Meadowbrook shareholders cannot make a fully-informed decision whether to vote to approve the Proposed Acquisition.

Disclosure Deficiencies Concerning the Valuation Analyses Prepared by Willis

70. The Proxy cites to and annexes the opinion of Meadowbrook's financial advisor Willis, which concludes that the consideration to be received by the holders of Meadowbrook common stock in the Proposed Acquisition is fair, from a financial point of view, to such holders. However, the Proxy fails to disclose material information about Willis's opinion and methodology, rendering it impossible for Meadowbrook's stockholders to effectively evaluate, and determine how to vote with respect to, the Proposed Acquisition.

71. The description of Willis's ***Selected Public Companies Analysis*** on pages 44-45 of the Proxy is materially deficient because it fails to disclose:

(a) the individually observed (1) price/book value per share; (2) price/tangible book value per share; and (3) price/2015 earnings per share ("EPS"); and

(b) whether Willis performed any type of benchmarking for Meadowbrook in relation to the selected public companies used in the analysis.

72. The Proxy is false and/or misleading due to these omissions because without this information, Meadowbrook shareholders cannot properly evaluate the analysis performed by Willis. For example, without the individually observed multiples, shareholders are unable to determine for themselves whether the multiples applied to the financials for Meadowbrook are representative of the

selected comparable companies that are most similar to the Company. Likewise, the results of a proper benchmarking analysis would allow shareholders to determine whether the selected comparable companies are actually appropriate for use in determining an implied value for Meadowbrook shares. Without this omitted information, Company shareholders cannot make a fully-informed decision whether to vote to approve the Proposed Acquisition.

73. The description of Willis's ***Discounted Cash Flow* ("DCF") *Analysis*** on page 45 of the Proxy is materially deficient because it fails to disclose:

(a) the definitions of "cash distributions" and "free cash flows" as used by Willis;

(b) the implied perpetuity growth rate range derived from Willis's analysis;

(c) the individual inputs and assumptions utilized by Willis to derive the discount rate range of 11% to 13% used in the analysis;

(d) how Willis treated stock-based compensation in its analysis (i.e., as a cash or non-cash expense); and

(e) whether Willis accounted for Meadowbrook's net operating losses in preparing its analysis, if at all.

74. The Proxy is false and/or misleading due to these omissions for a variety of reasons. First, there are a number of different line items that can be

included in the calculation of free cash flows and cash distributions which, depending on what definition is used, can impact the valuation resulting from a DCF analysis. Second, whether the Company recognizes stock-based compensation in its estimate of after-tax free cash flows – thus treating stock-based compensation as a non-cash expense as opposed to a cash expense – could have a meaningful impact on the conclusions presented in Willis's DCF Analysis. Third, it is well established that: (i) the calculation of a discount rate requires the application of a number of objective inputs and assumptions; and (ii) the ultimate discount rate selected often has the single largest impact on a resulting DCF valuation. Accordingly, Meadowbrook shareholders must be provided with sufficient information to determine the reasonableness of Willis's discretionary use of the inputs and assumptions used to compute the selected discount rate range. Finally, because DCF analyses are extremely sensitive to derivations in the inputs used (particularly those impacting projected cash flows), it is imperative that shareholders be provided with the information underlying the implied perpetuity growth rate range selected. Without the aforementioned omitted information, Meadowbrook shareholders cannot evaluate for themselves whether the analysis was performed properly and, in turn, determine what weight, if any, they should place on the analysis (and Willis's fairness opinion as a whole) when deciding whether to vote to approve the Proposed Acquisition.

75. The description of Willis's ***Selected Precedent Transactions Analysis*** on pages 45-46 of the Proxy is materially deficient because it fails to disclose the (i) price/book value per share; (ii) price/tangible book value per share; and (iii) price/next twelve months EPS multiples for each of the selected transactions analyzed by Willis.

76. The Proxy is false and/or misleading due to these omissions because the individually observed multiples are integral to shareholders' assessment of whether the range of multiples Willis selected and applied to the Company are appropriate. This is particularly true here, where the range of multiples selected do not even approach the high end of the multiple ranges observed for the selected comparable transactions. Accordingly, without this omitted information, Meadowbrook shareholders cannot make a fully-informed decision whether to vote to approve the Proposed Acquisition.

77. Finally, page 46 of the Proxy further fails to disclose the following information concerning the potential conflicts of interest impacting the independent and disinterested nature of Willis's fairness opinion:

(a) the specific services Willis provided to Fosun, or any of its affiliates, in the two years preceding the announcement of the Proposed Acquisition and the amount received for services rendered; and

(b) the amount of compensation Willis received for services rendered to Meadowbrook for the services rendered in the two years preceding the announcement of the Proposed Acquisition.

78. Without this omitted material information, Meadowbrook shareholders are unable to determine whether (and to what extent) Willis may have been motivated to steer the sales process in favor of Fosun at the expense of other potentially more value maximizing transactions for its own gain (or steered the Company in favor of a transaction generally). Specifically, shareholders are entitled to receive all material information that would tend to show Willis may have favored Fosun over other potential acquirers that may have been willing to pay more for the Company. The nature and scope of the prior relationship between Willis and Meadowbrook is equally material in that it may have provided shareholders with additional information concerning the impact that Willis's potential conflicts may have had on the overall sales process and its resulting fairness opinion.

Disclosure Deficiencies Concerning the Anticipated Future Performance of Meadowbrook

79. According to pages 39-46 of the Proxy, Willis was provided with, and relied significantly upon, certain financial forecasts prepared by Meadowbrook management for fiscal years 2015-2019 in preparing their respective financial valuation analyses. The Proxy does not, however, disclose certain aspects of these

projections that are material to Company shareholders' decision whether to approve the Proposed Acquisition, including the following line items for Meadowbrook for the relevant fiscal years:

(a) loss ratio;

(b) risk-based capital ratio;

(c) taxes (or tax rate);

(d) book value per share;

(e) tangible book value per share;

(f) fully diluted shares outstanding; and

(g) cash distributions used in the DCF analysis.

80. The Proxy is false and/or misleading due to these omissions because these financial projections provide the view of Meadowbrook's management as to the Company's expected future performance and, consequently, its value as a standalone entity. More importantly, however, this expected performance is more reliable than similar forecasts prepared by third-party analysts and other non-insiders as it comes from members of corporate management who have their hands on the pulse of the Company. Accordingly, it is no surprise that financial projections are among the most highly sought after disclosures by shareholders in the context of corporate transactions such as this. Additionally, these projections form the backbone of the DCF analyses prepared by Willis. Without this omitted

information, Meadowbrook shareholders cannot make a fully-informed decision whether to vote to approve the Proposed Acquisition.

81. Ultimately, Meadowbrook shareholders have one of two choices: (i) accept the inadequate Proposed Consideration; or (ii) exercise their dissenters' rights as permitted under the terms of the Merger Agreement to obtain an appraisal for the true value of their Company shares. Without understanding the Company's income/cash flow characteristics as a standalone entity (derived through disclosure of reliable financial projections), Meadowbrook shareholders are incapable of making an independent determination as to which of these two alternative options to pursue.

COUNT I

Claim for Breach of Fiduciary Duties Against the Individual Defendants

82. Plaintiffs incorporate by reference and reallege each and every allegation contained above, as though fully set forth herein.

83. The Individual Defendants have violated the fiduciary duties owed to the public stockholders of Meadowbrook and have acted to put their personal interests ahead of the interests of the Company's public stockholders.

84. As demonstrated by the allegations above, the Individual Defendants failed to exercise the care required and breached their fiduciary duties of loyalty and candor (among others) owed to the stockholders of Meadowbrook because,

among other reasons: (i) they failed to take steps to maximize the value of Meadowbrook to its public stockholders; (ii) they failed to properly value Meadowbrook and its various assets and operations; (iii) they ignored or did not protect against the numerous conflicts of interests; and (iv) they failed to disclose all material information to Meadowbrook public shareholders in connection with seeking their approval of the Proposed Acquisition.

85. Because the Individual Defendants control the business and corporate affairs of Meadowbrook, and have access to private corporate information concerning Meadowbrook's assets, business, and future prospects, there exists an imbalance and disparity of knowledge and economic power between them and the public stockholders of Meadowbrook that makes it inherently unfair for them to pursue and recommend the Proposed Acquisition wherein they will reap disproportionate benefits to the exclusion of maximizing stockholder value.

86. By reason of the foregoing acts, practices, and course of conduct, the Individual Defendants have failed to exercise ordinary care and diligence in the exercise of their fiduciary duties toward Plaintiffs and the other members of the Class.

87. As a result of the Individual Defendants' unlawful actions, Plaintiffs and the other members of the Class will be irreparably harmed in that they will not receive their fair portion of the value of Meadowbrook's assets and operations.

Unless the Proposed Acquisition is enjoined by the Court, the Individual Defendants will continue to breach their fiduciary duties owed to Plaintiffs and the other members of the Class, and may consummate the Proposed Acquisition, all to the immediate and irreparable harm of the Class.

COUNT II

Aiding and Abetting the Individual Defendants' Breaches of Fiduciary Duty Against Defendants Meadowbrook and Fosun

88. Plaintiffs incorporate by reference and reallege each and every allegation contained above, as though fully set forth herein.

89. Defendants Meadowbrook and Fosun knowingly assisted the Individual Defendants' breaches of fiduciary duties in connection with the Proposed Acquisition, which, without such aid, would not have occurred. In connection with discussions regarding the Proposed Acquisition, defendant Meadowbrook provided defendants Fosun sensitive, non-public information concerning the Company and, thus, had unfair advantages that are enabling it to acquire the Company at an unfair and inadequate price.

90. As a result of this conduct, Plaintiffs and the other members of the Class have been and will be damaged in that they have been and will be prevented from obtaining a fair price for their Meadowbrook stock.

91. As a result, Plaintiffs and the Class members are being irreparably harmed. Plaintiffs and the Class have no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand injunctive relief in their favor and in favor of the Class, and against Defendants as follows:

A. Declaring that this action is properly maintainable as a class action;

B. Declaring and decreeing that the Proposed Acquisition was entered into in breach of the fiduciary duties and obligations of the Individual Defendants and is therefore unlawful and unenforceable;

C. Enjoining Defendants, their agents, counsel, employees, and all persons acting in concert with them from consummating the Proposed Acquisition, unless and until: (i) the Company adopts and implements a procedure or process reasonably designed to enter into a merger agreement providing the best possible value for the Class; and/or (ii) provides Meadowbrook shareholders with all material information concerning the Proposed Acquisition;

D. Directing the Individual Defendants to exercise their fiduciary duties to obtain a transaction which is in the best interests of the Company's stockholders until the process for the sale or auction of the Company is completed and the best possible consideration is obtained for Meadowbrook;

E. Rescinding, to the extent already implemented, the Merger Agreement or any of the terms thereof, including the onerous and preclusive deal protection devices;

F. Awarding Plaintiffs the costs and disbursements of this action, including reasonable attorneys' and experts' fees; and

G. Granting such other and further equitable relief as this Court may deem just and proper.

Dated: March 25, 2015

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CERTIFICATE OF SERVICE

I hereby certify that on March 25, 2015, I electronically filed the foregoing with the Clerk of the Court using the ECF system which will send electronic notices of same to all counsel of record.

s/ Stephen J. Oddo

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